

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 2540 - HB 2484

March 3, 2014

SUMMARY OF BILL: Authorizes, upon two-thirds majority vote of the local legislative body, a local government to regulate and license the sale of immediate precursors to methamphetamine by any pharmacies located within the local government jurisdiction. The ordinance enacted by a local government may prohibit pharmacies from selling, delivering, or distributing products containing ephedrine or pseudoephedrine to persons without a valid prescription or selling such products to persons under the age of 18, or both. Authorizes any local government to collect a fee from the pharmacy for the issuance of a license. Authorizes, for violation of the regulation enacted by local governments, the establishment of a civil monetary penalty imposed on a pharmacy not to exceed \$50.00, or administrative suspension or revocation of the license issued to the pharmacy by the Board of Pharmacy, or the local government may authorize both penalties. Requires the ordinance enacted by local governments to include methods for the collection of license fees or civil monetary penalties and requires all funds derived from the fees and penalties to be used solely for methamphetamine clean-up activities within the jurisdiction of the local government.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$23,300/One-Time/Board of Pharmacy
\$195,700/Recurring/Board of Pharmacy**

Other Fiscal Impact – Any fiscal impact to state and local government is indeterminable due to multiple unknown variables. Any fiscal impact to local government will be permissive.

Assumptions:

- According to the Department of Correction, the provisions of the bill will not fiscally impact the department.
- Based on information provided by the Tennessee Bureau of Investigation, authorizing local governments to enact stricter ordinances on immediate methamphetamine precursors will result in a significant decrease in state and local expenditures for the clean-up of methamphetamine labs, and will reduce the number of children who are removed from homes where methamphetamine is being produced and subsequently placed in state care.

- According to the Department of Children's Services, the department estimates there would be a decrease in removals of children if methamphetamine production is decreased; however any decrease in state expenditures cannot reasonably be determined.
- According to the Department of Health, the provisions of the bill will require an additional Pharmacy Board Investigator, a Pharmacist 2 position, to manage all violations that could occur as well as to monitor the different ordinances that could be enacted across the state.
- The additional Pharmacist 2 Investigator position will result in a recurring increase in state expenditures of \$195,700 (\$119,200 salary + \$53,700 benefits + \$7,900 administrative cost allocation + \$4,100 office space lease + \$4,800 annual vehicle lease + 6,000 vehicle operating expenses) and a one-time increase in state expenditures of \$23,300 (computer, office supplies, initial vehicle costs).
- Pursuant to Tenn. Code Ann. § 4-3-1011, all health-related boards are required to be self-supporting over a two-year period. The Board of Pharmacy had balances of \$929,407 in FY11-12 and \$296,813 in FY12-13 with a cumulative balance of \$1,226,220 as of June 30, 2013.
- Any vote required to pass an ordinance or resolution can be accomplished at a regularly-scheduled meeting of the local legislative body.
- According to responses to the 2013 Local Government Survey conducted by the Fiscal Review Committee, participating Sheriffs indicated in 2009 there were 929 methamphetamine-related cases handled by the Sheriff's department, in 2010 there were 1347 methamphetamine-related cases, in 2011 there were 1267, and in 2012 there were 1,673 methamphetamine related cases handled by the Sheriff's department.
- Due to multiple unknown variables, such as how many local governments will opt to enact greater restrictions upon the sale of such products, the extent of methamphetamine production within each local government without enactment of an ordinance, the extent of any decrease in the production of methamphetamine as a result of the enactment of an ordinance, the extent of any increase in local government revenue from fees collected due to ordinance violations, and how any decrease in methamphetamine production will impact state expenditures, a precise fiscal impact to state and local government cannot reasonably be determined.
- Any fiscal impact to local government will be permissive.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jrh